
DIGEST

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Johnson

HB No. 688

Abstract: Authorizes a tax credit against all La. income or corporation franchise taxes for businesses which offer essential services for qualified expenses or investments made in preparation for the business to remain open to serve the public during an emergency situation or natural disaster.

Proposed law authorizes a tax credit against all La. income or corporation franchise taxes for businesses which offer essential services for qualified expenses or investments made in preparation for the business to remain open to serve the public during and immediately after an emergency situation or natural disaster. Qualified expenses or investments shall be those expenses or investments certified as such by the Department of Revenue.

Proposed law provides that the amount of the tax credit for qualified expenses or investments of less than \$20,000 shall be equal to the actual amount of the expenses or \$5,000, whichever is less. The amount of the credit for qualified expenses or investments in excess of \$20,000 shall be equal to the actual amount of the expenses or \$25,000, whichever is less. No taxpayer shall be granted a credit for more than three years in a five-year period. The total aggregate amount of tax credits which may be issued in any tax year for all taxpayers for purposes of this Section shall not exceed \$1 million.

Proposed law provides for eligibility requirements for receipt of the tax credit, which include having an emergency preparedness plan which has received pre-clearance status from the Governor's Office of Homeland Security and Emergency Preparedness (hereinafter office). An emergency preparedness plan shall include an estimate of the amount of expenses and investments which the business intends to claim for purposes of the tax credit.

Proposed law authorizes the office to establish by rule the requirements for application for and approval of pre-clearance status. Each tax year, the authority for the office to grant pre-clearance status to emergency preparedness plans is limited to that number of plans which contain estimated qualified expenses or investments which, in the aggregate, would generate no more than \$1 million in tax credits.

Proposed law defines "essential services", "emergency situation", and "qualified expenses or investments".

Proposed law provides that in order for a business to qualify for the tax credit, the business shall remain open to the general public during the duration of the emergency situation. Additionally,

the business shall post a sign in a prominent place easily viewed by the public that the business shall remain open during the emergency situation. Any business which closes for any portion of the emergency situation shall not be eligible for the credit.

Proposed law provides that if the amount of the tax credit exceeds the taxpayer's tax liability, then any unused or excess credit may be carried forward for a period not to exceed 10 years.

Proposed law authorizes rulemaking by the Dept. of Revenue and the Governor's Office of Homeland Security and Emergency Preparedness.

Applicable to income tax years beginning on and after Jan. 1, 2014, and corporation franchise taxes beginning on and after Jan. 1, 2015.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6039)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Adds limitation of \$1 million per tax year for the total aggregate amount of tax credits which may be issued.
2. Adds eligibility requirements which include the Dept. of Revenue's certification of expenses or investments as eligible, and the business having had its emergency preparedness plan pre-cleared by the Governor's Office of Homeland Security and Emergency Preparedness.
3. Adds limitation on the number of emergency preparedness plans which may be pre-cleared in a tax year.
4. Adds authority for rulemaking by the Dept. of Revenue and the Governor's Office of Homeland Security and Emergency Preparedness.